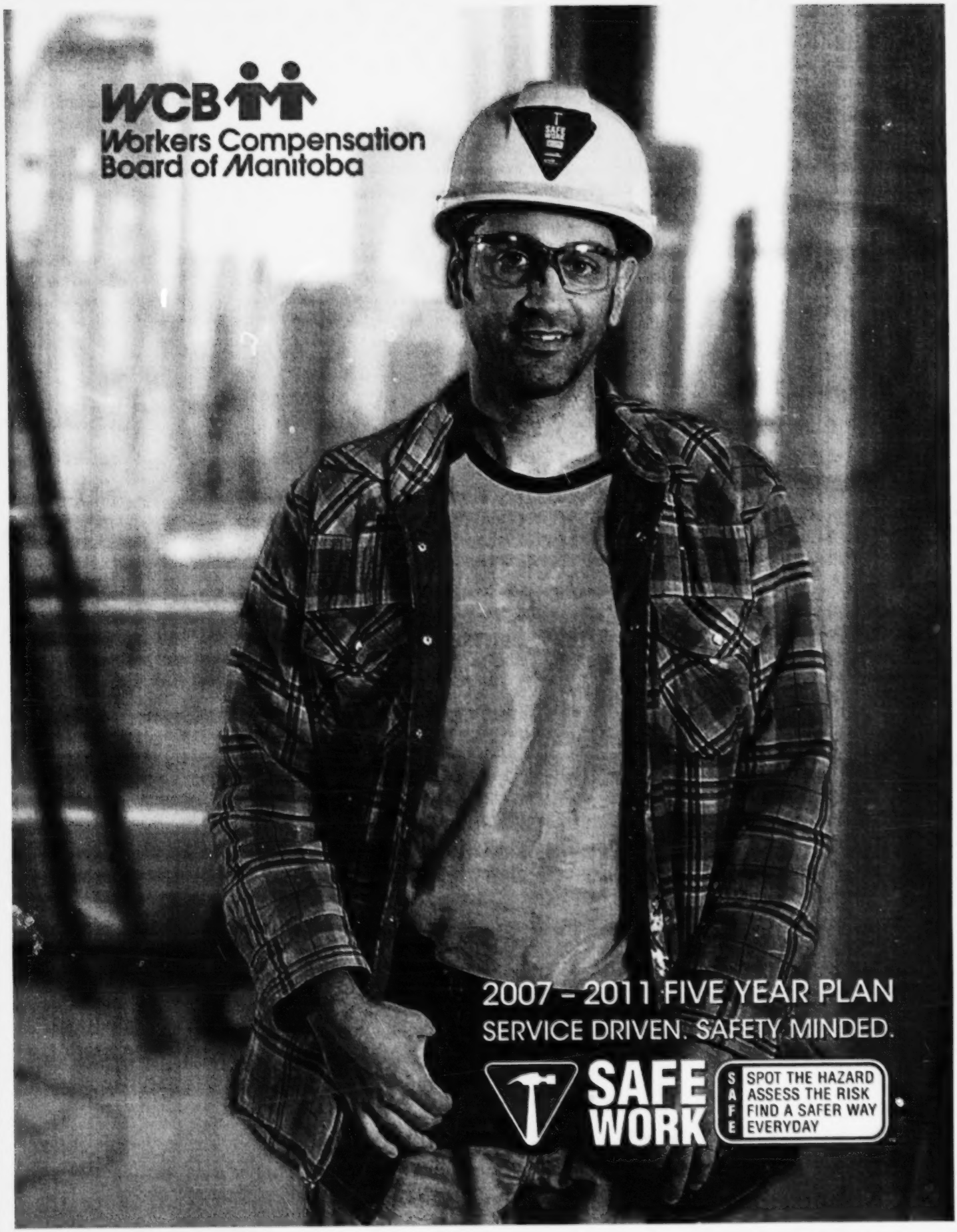
WCB
Workers Compensation
Board of Manitoba
2007 – 2011 FIVE YEAR PLAN
SERVICE DRIVEN. SAFETY MINDED.
SAFE WORK
SAFE
SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

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This document is also available in large print format. Please call 954-4760, toll-free 1-800-362-3340 or email info@wcb.mb.ca.

VISION, MISSION AND VALUES

VISION

SAFE Work – A Way of Life

MISSION

Working with its partners, the Workers Compensation Board of Manitoba promotes safe and healthy workplaces, promotes recovery and return to work, provides compassionate and supportive compensation services for workers and employers, and ensures responsible financial stewardship.

VALUES

The WCB is committed to being a safe workplace that:

- Operates with fairness, integrity and respect
- Provides services that are fast, easy, caring, right and clear
- Strives for excellence
- Manages our resources efficiently and effectively
- Operates in an open and transparent manner
- Is accountable to the public and our partners
- Develops our staff and provides a supportive, innovative and creative environment
- Meets the diverse needs of our clients in a comfortable and welcoming way
- Provides a respectful and diverse workplace reflective of Manitoba
- Works collaboratively with our partners
- Is a valued member of the community

WCB
Workers Compensation Board of Manitoba

SAFE Work - A Way of Life

INTRODUCTION

Each year the Workers Compensation Board presents its vision for the future of the compensation system in Manitoba. The WCB will continue to focus on creating a culture in Manitoba in which SAFE Work is a way a life: where employers and workers work together to make workplaces safer due to prevention efforts, where workers are safe to file claims, where it is safe for workers to exercise their rights, and where it is safe to return to work if an injury has occurred. The WCB has a responsibility to injured workers, their families and their employers to help them return to health and work in a timely and safe manner and is committed to making continuous improvements in the way services are provided. The WCB will fulfill these responsibilities while maintaining careful stewardship of its resources.

Under the strategic guidance of the Board of Directors, senior management at the WCB conducts an analysis of the economic, demographic, financial, and claim trends that affect the WCB's operations. Planning takes account of the needs and views of the WCB's stakeholders and is also mindful of risks faced by the system – that the injury rate might rise or that volatility in investment returns may increase, for instance. Planning points to areas where resources and new initiatives may be needed so that the WCB can meet challenges and mitigate future risks. Planning is guided and put into focus by the WCB's four strategic themes:

- **Prevention** – Protecting Workers and Preventing Injuries and Illnesses
- **Recovery** – Returning Workers to Health and Work
- **Service** – Continuously Improving Services to Workers and Employers
- **Stewardship** – Effectively Managing Human, Technological and Financial Resources

This document sets out these four strategic themes, the goals the WCB has set within them, new strategies it will use to implement them, and measures it will use to report its progress in each year's annual report.

The Five Year Plan looks to the future, outlining what new initiatives will be undertaken to build on the strategies that are already underway. For information on the WCB's current activities, please see the WCB's 2006 Annual Report.

PREVENTION

PROTECTING WORKERS AND PREVENTING INJURIES AND ILLNESSES

The WCB and the Workplace Safety and Health Division of the Department of Labour and Immigration are pursuing an ambitious injury and illness prevention strategy to create in Manitoba a culture that values and promotes healthy and safe workplaces. Manitobans have made remarkable progress toward that goal. Between 2000 and 2006, the time loss injury rate fell by 19 percent.

The overall time loss injury rate was leveling off in 2006, mainly as a result of changes to the composition of the Manitoba economy. In conjunction with the Workplace Safety and Health Division, the WCB will continue to deploy prevention resources in those targeted areas where they will have the greatest impact. The WCB is confident that the time loss injury rate's downward trend will resume in the longer term.

Five Year Goals:

- Reducing the workplace injury rate
- Creating a strong workplace safety and health culture in Manitoba

Strategies to Reduce the Workplace Injury Rate

- To strengthen its capacity for injury prevention, the WCB will update its joint WCB-Workplace Safety and Health Division injury prevention plan to provide overall direction, ensure that the organization continues to analyze the data needed to better monitor the situation, build on its current resources, and provide training to staff.
- To promote safe and healthy workplaces, the WCB will continue to help employers understand how injury prevention, disability management and return to work programs positively impact their injury rates and corresponding premiums. The WCB will also evaluate the effectiveness of the rate model for prevention, pilot financial incentives for safety and health accredited firms in construction, and continue to tailor the SAFE Work prevention campaign towards targeted industries, firms and injury types.

Strategies to Create a Strong Workplace Safety and Health Culture in Manitoba

- To build partnerships with key stakeholders, the WCB will work with the Workplace Safety and Health Division to strengthen relationships with private and public sector employers and public interest organizations to create safety and injury reduction plans. It will also fund new Community Initiatives and Research Program projects that focus on prevention in at-risk industries and for workers who have historically been harder to reach, such as Aboriginal workers, young workers, and new Canadian workers.
- To create a market demand for safe workplaces, the WCB will continue its public awareness campaign, develop awareness campaigns for targeted groups and injuries, continue publishing province-wide statistical reports on workplace injuries and illnesses to maintain media focus, and identify business and labour champions.
- To be a leader in workplace safety and health, the WCB will ensure that its workplace safety and health program sets an example in best practices in prevention and disability management.

Key Targets:

- The time loss injury rate will be reduced to 4.35 time loss injuries per 100 full time equivalent covered workers
- 70 percent of Manitobans will have increased their safety awareness

RECOVERY

RETURNING WORKERS TO HEALTH AND WORK

The WCB is working with its partners to help build a culture that views returning to work as soon as safely possible as both natural and part of the medical recovery process. The WCB has enhanced its capacity to provide outreach on return to work issues and will continue to work with workers, employers, healthcare providers, and worker and employer advocates to return injured workers to health and productive work as early in the recovery process as it is safe to do so.

Research has shown that the longer injured workers are off work, the greater the disruption to the lives of workers and their families, the greater the likelihood workers will not return to work, and the higher the costs associated with their claims. Increased claim duration and cost are inherent risks to the WCB. Returning to work must, therefore, be part of the healing process.

Many factors influence how long injured workers take to recover, including their age, gender or the complexity of their injuries. The workforce is aging, and along with that, the average age of injured workers is increasing. Injuries are becoming more complex and a higher proportion of claims are for musculoskeletal injuries. All these trends increase the risk of longer recovery times.

Five Year Goals:

- Improving support for workers' timely return to health
- Improving support for workers' timely and sustainable return to productive work

Strategies to Improve Support for Workers' Timely Return to Health

- To provide quality and timely medical information and advice received from internal and external healthcare providers, the WCB will continue to improve its internal and external processes, revise the orientation given to new WCB healthcare professionals, and enhance community education on occupational healthcare and other topics.
- To achieve effective healthcare outcomes, the WCB will evaluate the provision of healthcare services such as MRIs, surgeries and consultations.

Strategies to Improve Support for Workers' Timely and Sustainable Return to Productive Work

- To ensure that as many workers as possible are able to return to their pre-injury employment, the WCB will continue to work with workers and employers to fully implement the re-employment obligations of *The Workers Compensation Act* that came into effect in 2007.
- To support employers in implementing disability management programs, the WCB will continue updating the online *Disability and Risk Management Resource Guide* and *Occupational Health and Safety Resource Guide*. The WCB will communicate with smaller employers about disability management and develop best practices for larger employers on return to work. WCB Return to Work Coordinators will provide outreach in the employer community around best practices and disability management.

Key Targets:

- Score an average of 8 out of 10 when workers are asked how well the WCB supported them in their return to work
- For all claims that are in pay during the calendar year, achieve an average claim duration of 37 days in pay during the year

SERVICE

CONTINUOUSLY IMPROVING SERVICES TO WORKERS AND EMPLOYERS

The service provided by the WCB is a complex process involving many different parties – workers, employers, healthcare providers – and many WCB staff. Combine this with the fact that the process is initiated by the unfortunate event of an injury to a worker and one is presented with unique service delivery challenges.

Providing outstanding service to stakeholders is a challenging task, as service is a bar that is always being raised. The WCB is aware of its need to attract, retain and continuously enhance the knowledge and skills of its staff to maximize service quality. The WCB has a goal of achieving and maintaining a score of eight out of 10 in injured worker satisfaction surveys and surpassed that goal for the first time in the third quarter of 2006.

Five Year Goals:

- Developing a stronger service culture
- Improving service to injured workers
- Improving service to employers
- Delivering high quality services

Strategies to Develop a Stronger Service Culture

- To ensure all staff provide supportive and compassionate service to injured workers, the WCB will continue its service driven training, retain service as a core competency in its performance measurement, deliver mediation and conflict resolution training to case management staff, and continuously train staff so that they can more quickly transition injured workers to WCB services and to services available from other agencies.

Strategies to Improve Service to Injured Workers

- To provide prompt service, the WCB will improve the tools available to staff by completing the implementation of its new electronic file system and continuing to make enhancements to it.
- To enhance injured worker satisfaction with WCB services, the WCB will ensure that all new clients continue to receive easy to understand materials to help them better understand WCB processes, terminology, and typical timeframes for services. The WCB will also enhance communications regarding vocational rehabilitation services and develop a strategy around services to clients dealing with literacy, language and cultural challenges.

Strategies to Improve Service to Employers

- To enhance service to employers, the WCB will embark on a multi-year review and redesign of the way the WCB works with employers, develop more effective and appropriate employer feedback mechanisms, develop targeted employer communication material, offer more services online, and tailor different services to different types and sizes of employers.

Strategies to Deliver High Quality Services

- To exceed quality expectations in the adjudication and management of claims, the WCB will strengthen the quality assurance feedback loop and develop and implement a training and development strategy for all claims staff.

Key Targets:

- Score at least 80 percent on the WCB service culture index
- Consistently score 8 out of 10 in injured worker satisfaction
- Consistently score 8 out of 10 in employer satisfaction
- Pay 70 percent of injured workers within 14 days of injury

STEWARDSHIP

EFFECTIVELY MANAGING HUMAN, TECHNOLOGICAL AND FINANCIAL RESOURCES

The WCB strives to ensure that all aspects of its operations – including its finances, human resources, and technological supports – are complementary, effective and responsibly managed.

Although the potential for volatile investment returns remains a risk to the system, the WCB remains in a strong financial position, with the accident fund reserve totaling $100 million and overall WCB reserves, which consists of the accident fund reserve and unrealized gains from the WCB's investment portfolio, of almost $247 million. This results in a funded ratio of 130 percent (total assets divided by total liabilities). The funded level is among the highest in Canada, and Manitoba is one of a number of workers compensation authorities across the country that are now fully funded.

The WCB will continue to update and enhance its information technology infrastructure. Leveraging technology allows the WCB to provide better customer service to all of its stakeholders.

The WCB recognizes that its staff is its greatest resource. Every facet of the WCB's operations is strengthened when its human resources receive the training, support, and recognition they deserve.

The WCB and its staff have achieved a positive reputation for community leadership and support. The WCB's efforts over the next five years will continue to earn it this respect.

Five Year Goals:

- Achieving operational excellence
- Maintaining financial strength
- Building organizational strength through people
- Enhancing stakeholder confidence

Strategies to Achieve Operational Excellence

- To enhance operational efficiency, the WCB will complete the implementation of its electronic file systems for workers and employers and redesign business processes.
- To ensure business continuity, the WCB will strengthen existing business resumption plans by undertaking pandemic planning.
- To strengthen performance measurement, the WCB will identify and implement updated key performance indicators and improve management information through technology.
- To maintain the integrity of its information technology infrastructure, the WCB will evergreen its systems, implement storage and back-up improvements and provide training to its staff on information technology security.

Strategies to Maintain Financial Strength

- To ensure value in program expenditures, the WCB will evaluate the effectiveness of facilitated services and evaluate the effectiveness of the pilot incentive program in the construction industry.
- To ensure that it employs prudent financial controls, the WCB will work with its financial experts to appropriately value its benefit liabilities and to ensure that investments are appropriately managed. The WCB is also going to establish long term guiding principles for the health of its employee pension plan.
- To strengthen internal control systems, the WCB will continuously strengthen its risk management plan and undertake other internal audit and control activities.

Strategies to Build Organizational Strength through People

- To manage its human resources effectively and efficiently, the WCB will build on its human resources strategic plan and add to its human resources policy manual.
- To provide a safe, healthy, respectful and diverse workplace, the WCB will formalize a staff retention plan, increase awareness of respectful workplace behaviours, and implement a healthy organization strategy.

Strategies to Enhance Stakeholder Confidence

- To promote the WCB's prevention, return to work and compensation activities, the WCB will continuously enhance its publications, redesign and update the corporate website by adding capacity and functionality, and evaluate its communications activities.
- To build stakeholder relations, the WCB will strive to operate with the greatest transparency and accountability by continuing to consult regularly with Manitoba employers, workers and community partners on policy issues.
- To be a valued member of the community, the WCB will enhance partnerships with community groups and agencies in support of its diversity program, pursue strategic sponsorship opportunities, participate in trade shows, and support partnerships for internship development.

Key Targets:

- Meet or exceed the target on 80 percent of the indicators the WCB has set to measure its efficiency and effectiveness around operations, financial strength and human resources
- Achieve an accident fund reserve of $182 million
- Score an average of at least 80 percent on selected questions from the WCB employee survey that measures employee engagement, motivation, and awareness of company goals and objectives
- Have at least 70 percent of surveyed Manitobans tell the WCB that it is making a positive contribution to the province

BUDGETED AND PROJECTED FINANCIAL STATEMENTS

In 2007 and beyond, the Workers Compensation Board of Manitoba will continue its work in prevention, recovery, service and stewardship. This is an ambitious five year plan. The WCB is financially sound and is well resourced to achieve the goals of this plan. The budgeted financial statements for 2007 and the projections for 2008 to 2011 follow.

Premium revenues are derived from estimated annual assessable payroll and the average assessment rate. Reasonable assumptions for economic and inflationary growth for assessable payrolls are used. The average assessment rate used throughout the five year plan is $1.68. In addition, a one percent growth in payroll is expected due to extended coverage.

Investment revenues assume a rate of return of 6.0 percent. This rate represents a conservative estimate based on long term historical returns and is linked to the discount rate used to value WCB liabilities. A steady rate of return is used throughout the plan, as it is not possible to predict the investment markets. Actual results in this area will vary with the market and the fluctuations can be significant.

Claim costs are derived by employing reasonable assumptions for cost increases from economic and inflationary growth overlaid by an assumption that the injury rate will decline over time. Actual results in this area can fluctuate significantly. Significant fluctuations might occur if there is an increase to injury rates, an occurrence of very expensive claims, a change in the mix of old and new claims, or a change in claim duration.

Operating expenses of the WCB include funds for salaries, employee benefits, infrastructure, the Appeal Commission, the Community Initiatives and Research Program and other administrative costs. In 2007 and beyond, the estimated costs include a reasonable assumption for inflationary growth.

Financial strength of the WCB continues throughout the timeframe of the plan. The following outcomes illustrate the WCB's financial strength: the plan predicts operating surpluses in a range from $6 million to $14 million; growth in overall WCB reserves from $247 million to $333 million, growth in the funding ratio from 130 percent to 135 percent and growth in the investment portfolio from $1.0 billion to $1.2 billion.

Assumptions and Risks

Assumptions of one percent employment growth and three percent inflationary growth were used throughout the five year plan.

The two areas that have the greatest potential to vary from what the WCB has planned are investment returns and claim costs incurred. Actual results of both will vary from the plan and the variations may be significant. These risks are mitigated by holding adequate reserves. The reserves protect the WCB and its ratepayers from general business risks and catastrophic events in areas such as investment returns or extraordinary claim costs.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at December 31
(000's)

	2006 Actual	2007 Budget	2008 Projection	2009 Projection	2010 Projection	2011 Projection
Assets						
Cash	$ 3,112	$ 4,866	$ 4,343	$ 5,859	$ 4,983	$ 1,693
Receivables	33,658	34,485	35,873	37,317	38,806	40,225
Investment portfolio	969,035	1,006,122	1,045,638	1,084,857	1,129,219	1,179,136
Deferred assessments	43,718	45,813	48,130	49,923	51,934	53,406
Capital assets	11,571	11,446	11,446	11,446	11,446	11,446
	$ 1,061,094	$ 1,102,732	$ 1,145,430	$ 1,189,402	$ 1,236,388	$ 1,285,906
Liabilities and Funded Position						
Payables and accrued liabilities	$ 25,366	$ 28,387	$ 30,979	$ 33,881	$ 37,206	$ 41,015
Benefit liabilities	789,032	813,355	839,181	862,589	888,361	912,066
Total liabilities	814,398	841,742	870,160	896,470	925,567	953,081
Accident fund reserve	99,675	105,230	110,865	120,007	129,518	143,116
Accumulated other comprehensive income	147,021	155,760	164,405	172,925	181,303	189,709
Funded position	246,696	260,990	275,270	292,932	310,821	332,825
	$ 1,061,094	$ 1,102,732	$ 1,145,430	$ 1,189,402	$ 1,236,388	$ 1,285,906
Funding Ratio	130.3%	131.0%	131.6%	132.7%	133.6%	134.9%

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCIDENT FUND RESERVE (UNAUDITED)

For the years ending December 31
(000's)

	2006 Actual	2007 Budget	2008 Projection	2009 Projection	2010 Projection	2011 Projection
Projected Average Assessment Rate	$ 1.72	$ 1.68	$ 1.68	$ 1.68	$ 1.68	$ 1.68
Revenue						
Premium revenue	$ 219,720	$ 208,899	$ 217,451	$ 225,582	$ 234,731	$ 242,696
Investment income	59,571	48,699	51,185	53,467	56,204	59,184
Total revenue	279,291	257,598	268,636	279,049	290,935	301,880
Expenses						
Claim costs incurred	219,917	195,523	204,786	209,980	219,718	224,735
Operating expenses	53,220	56,520	58,215	59,927	61,706	63,547
Total expenses	273,137	252,043	263,001	269,907	281,424	288,282
Operating surplus	**6,154**	**5,555**	**5,635**	**9,142**	**9,511**	**13,598**
Accident fund reserve at beginning of year	93,521	99,675	105,230	110,865	120,007	129,518
Accident fund reserve at end of year	$ 99,675	$ 105,230	$ 110,865	$ 120,007	$ 129,518	$ 143,116

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the years ending December 31
(000's)

	2006 Actual	2007 Budget	2008 Projection	2009 Projection	2010 Projection	2011 Projection
Operating surplus	$ 6,154	$ 5,555	$ 5,635	$ 9,142	$ 9,511	$ 13,598
Unrealized gains on available-for-sale financial assets	80,574	28,739	29,445	30,152	30,875	31,803
Reclassification of realized gains to the Statement of Operations and Accident Fund Reserve	(24,597)	(20,000)	(20,800)	(21,632)	(22,497)	(23,397)
Other comprehensive income	55,977	8,739	8,645	8,520	8,378	8,406
Total comprehensive income	$ 62,131	$ 14,294	$ 14,280	$ 17,662	$ 17,889	$ 22,004

CONSOLIDATED STATEMENT OF CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the years ending December 31
(000's)

Accumulated Other Comprehensive Income

Balance at beginning of year	$ 91,044	$ 147,021	$ 155,760	$ 164,405	$ 172,925	$ 181,303
Other comprehensive income	55,977	8,739	8,645	8,520	8,378	8,406
Balance at end of year	$ 147,021	$ 155,760	$ 164,405	$ 172,925	$ 181,303	$ 189,709

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the years ending December 31
(000's)

	2006 Actual	2007 Budget	2008 Projection	2009 Projection	2010 Projection	2011 Projection
Operating cash flows						
Premiums from employers	$ 200,766	$ 205,978	$ 213,745	$ 222,346	$ 231,231	$ 239,806
Claim payments	(161,978)	(170,605)	(178,257)	(185,748)	(192,972)	(199,885)
Purchases of administration goods and services	(47,328)	(51,970)	(54,325)	(55,850)	(57,356)	(58,884)
Net cash used by operating activities	(8,540)	(16,597)	(18,837)	(19,252)	(19,097)	(18,963)
Investing cash flows						
Purchases of investments, net of sales	11,856	20,351	20,314	22,768	20,221	17,673
Capital asset acquisitions, net of disposals	(2,040)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Net cash provided by investing activities	9,816	18,351	18,314	20,768	18,221	15,673
Net increase (decrease) in cash	1,276	1,754	(523)	1,516	(876)	(3,290)
Cash at beginning of year	1,836	3,112	4,866	4,343	5,859	4,983
Cash at end of year	$ 3,112	$ 4,866	$ 4,343	$ 5,859	$ 4,983	$ 1,693

The 2006 audited consolidated financial statements and accompanying notes are available in the WCB's 2006 Annual Report.

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